

CITY COUNCIL AGENDA TOPIC

Draft 2026 State Legislative Agenda

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EXECUTIVE SUMMARY**DIRECTION**

Staff is asking the Council to consider adopting the 2026 State Legislative Agenda at this meeting or a subsequent meeting, in advance of the next session of the Washington State Legislature in January 2026. Adoption of the agenda allows staff and other City officials to clearly articulate the City's 2026 state legislative priorities to state lawmakers, state agencies, peer jurisdictions, the community, and other stakeholders.

RECOMMENDATION

Provide input on the draft 2026 State Legislative Agenda and provide direction for adoption.

BACKGROUND/ANALYSIS**Preview of the 2026 Legislative Session**

The 2026 legislative session will begin January 12, 2026. This is the second year of the two-year biennium and will last for 60 days (short session), ending March 12, 2026. During this time, the legislature will adopt supplemental capital, operating, and transportation budgets for 2025-27, which are customarily relatively small adjustments to the two-year budget adopted this past spring. All bills introduced during the 2025 session that did not pass will be automatically reintroduced in the 2026 session.

The Washington State Economic and Revenue Forecast Council released their September [revenue update](#) which showed that the projected General Fund revenue through 2029 is down about \$903 million compared to the June 2025 forecast. For the current biennium (2025-27), revenue is estimated at \$74.34 billion, about \$412 million less than what was forecast in June. Revenue for the 2027-29 biennium is now expected to be \$79.54 billion, which is about \$477 million lower than previously projected. The forecast cites weakness in taxable sales (retail and construction), drops in real estate excise tax returns, and lower revenues from state agencies.

This shrinking of revenue creates pressure to either cut programs, increase revenue, or reallocate existing spending. It also complicates obligations for continuing current programs, meeting contractual commitments, and funding growth in service demand. Washington is projected to lose billions in federal Medicaid funding over the next decade, and many residents could lose coverage unless the state mitigates changes. Additionally, lawmakers will also need to consider a range of ongoing economic factors — including continued, though uneven, layoffs in the tech sector around Seattle; labor challenges in the state's agricultural regions; and elevated gas prices that remain higher than the

national average. These trends reflect underlying economic pressures that could shape policy discussions on workforce, transportation, and regional economic stability.

State agencies have submitted budget requests for the 2026 supplemental budgets, which Governor Bob Ferguson will propose in December as a baseline for legislative negotiations.

Looking toward 2026, several significant issues face the Legislature:

- Budget shortfall and revenue constraints, with the potential for further cuts to state services and/or higher taxes;
- Pressure to backfill federal cuts and changes to eligibility requirements
- Continuing to address housing affordability and supply of affordable housing; and
- Education funding pressures, including rising operating costs and special education funding.

State Legislative Make-up

The 2025 General Election will occur on Tuesday, November 4. Primary results indicate continued Democratic control of the Legislature. For cities, the implications are two-fold. Legislative control is unlikely to shift, which means broad policy directions on housing, climate, and tax policy will likely stay the course. However, the competitiveness of certain races reflects increased voter engagement and issue sensitivity, particularly around public safety, affordability, and local taxation.

Draft 2026 State Legislative Agenda

The state legislative agenda is a critical tool in communicating Bellevue's key legislative priorities and funding requests to the State Legislature, while providing policy guidance for City positions on bills and staffing resources. The 2026 legislative agenda highlight *Key Legislative Priorities* on the first page and significant policy issues in the *State Policy Statement*.

The agenda's *Key Legislative Priorities* highlight the items of utmost importance to the City of Bellevue in the upcoming state legislative session. In general, these items are either exclusively or largely Bellevue-led and Bellevue-focused and highlight the areas of greatest value at this time.

In the 2026 session, key priorities include:

- Partnership to address the affordable housing crisis, including flexible funding options
- Considerations if the Legislature proposes new revenue options
- Policy allowing employer shuttles in business access and transit (BAT) lanes
- Funding for transportation projects, including SR 520/124th Avenue NE Interchange Project and I-405/SR 167 Corridor projects included in the I-405 Master Plan
- Support for digital permitting improvements to MyBuildingPermit.com

In addition to key priorities, the agenda's *State Policy Statement* covers a broad set of issues and gives the City flexibility and charge to weigh in on a host of issues, funds, and bills that may arise during the session. Many items captured in this section are led by other parties or coalitions. Bellevue intends to weigh in as necessary and strategically advocate for the City's interests, whether direct or indirect.

The *State Policy Statement* categories align with the Council's Strategic Target Areas:

- High Performance Government, including fiscal sustainability and liability

- Thriving People & Communities, including human services and behavioral health
- Vibrant Economy, including economic and workforce development
- Safe & Efficient Transportation, including Vision Zero and smart mobility
- High Quality Built & Natural Environment, including utility infrastructure and land use
- Community Safety & Health, including first responders, law enforcement and justice

Association of Washington Cities (AWC) Legislative Priorities Development

Since May, the AWC Legislative Priorities Committee has been developing the Association's 2026 legislative priorities. Councilmember Nieuwenhuis represents Bellevue on the committee. The AWC Board of Directors approved the final 2026 City Legislative Priorities on September 19 as follows:

- *Indigent defense*: Increase state support and funding for indigent defense services to meet existing needs as well as the new lower caseload mandates ordered by the Washington Supreme Court. Enhance state support for increasing the indigent defense workforce with incentives and programs to encourage more public defenders.
- *Transportation*: Increase sustainable revenue that supports local transportation preservation, maintenance, and operations and includes direct distributions to cities and towns. Continue to support efforts to improve traffic safety. Explore revenue tools such as a highway usage fee, a retail delivery fee, expanded transportation benefit district (TBD) authority, or a "sidewalk utility."
- *Housing supply*: Provide time to implement recent state housing legislation. Increase housing investments to meet needs across the housing continuum, including construction and preservation of affordable housing, home ownership, and senior housing. Support tools to better coordinate urban growth area (UGA) development and funding options such as a local option real estate excise tax, short-term rental tax, and expanded use of lodging taxes for housing.
- *Shared revenues*: Continue the historical revenue-sharing partnership between the state and its cities and towns, which provides stability and continuity for local budgets. Preservation of these resources, such as liquor revenues and criminal justice assistance funds, are indispensable to local fiscal sustainability and predictability.

Timeline and Next Steps

After the Council has considered and adopted a state legislative agenda, staff will take steps to help maximize its utility, some of which are already in the early stages. Next steps include:

- Schedule meetings with each of our 41st and 48th District lawmakers to brief them on the agenda.
- Further refine and flesh out the highest priority issues, including identifying supporters and opportunities.
- Develop a set of marketing materials for lawmakers and staff as compelling educational pieces.
- Attend or monitor pre-session committee meetings in December.
- Talk with other cities and partners about developing legislation and budget items.
- Develop opportunities to talk with key legislators before session begins January 12, 2026.
- Identify key dates in the upcoming session and when Bellevue will plan to be in Olympia.
- Attend AWC's City Action Days on January 21-22, 2026 in Lacey.

POLICY & FISCAL IMPACTS

Policy Impact

An adopted state legislative agenda is an important messaging document for the City, encapsulating the most important state-level policy positions for Bellevue in 2026. The work of the Washington State Legislature will have myriad impacts on the City, and it is important that the City weigh in appropriately on bills throughout the course of the session.

Fiscal Impact

The budget developed at the state level is of critical importance to the City, as many important programs are either directly within the City's scope or are of benefit to or impact upon our residents, employees, businesses, and visitors. The legislature's ability to impact or modify authorized City revenue tools and revenue streams is also of direct and essential interest to Bellevue.

OPTIONS

N/A

ATTACHMENTS

- A. Bellevue Draft 2026 State Legislative Agenda
- B. Bellevue Adopted 2025 State Legislative Agenda
- C. Association of Washington Cities Adopted 2026 Legislative Agenda

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N/A